

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

November 17, 2006

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

PSF No.: 06HD-187

Hawaii

Cancellation of Revocable Permit No. S-7255 to George Santos and Issuance of Month-to-Month Revocable Permit to Gwendolyn Naomi Santos for Pasture Purposes; Honomu Homesteads, Hawaii, TMK: 3rd/2-8-10:03.

APPLICANT:

George Santos (permittee, deceased), whose business and mailing address is RFD Box 99, Pepekeo, Hawaii 96783, and Gwendolyn Naomi Santos, widow, tenant in severalty (applicant).

LEGAL REFERENCE:

Sections 171-13 and -55, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands described as Honomu Homesteads, South Hilo, Hawaii, identified by Tax Map Key: 3rd/2-8-10:03, as shown on the attached map labeled Exhibit A.

AREA:

23.69 acres, more or less.

ZONING:

State Land Use District: Agriculture
County of Hawaii CZO: A20A, 20-acre agriculture

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: YES

CURRENT USE STATUS:

Encumbered.

CHARACTER OF USE:

Pasture purposes.

COMMENCEMENT DATE:

The first day of the month to be determined by the Chairperson.

MONTHLY RENTAL:

The previous rent for this property was set at the minimum of \$13.00 per month. Staff is recommending a new rate of \$40.00 per month based on the minimum rent policy approved by the Board at its meeting of May 13, 2003 under agenda item D-19.

COLLATERAL SECURITY DEPOSIT:

Twice the monthly rental.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

In accordance with the "Division of Land Management's Environmental Impact Statement Exemption List", approved by the Environmental Council and dated April 28, 1986, the subject request is exempt from the preparation of an environmental assessment pursuant to Exemption Class No. 1, Item No. 2 that states "existing authorized use of State land that continues with no interruption or change in use."

DCCA VERIFICATION:

Not applicable as individuals are not required to register with the DCCA.

REMARKS:

At its meeting of October 27, 2000 under agenda item D-6, the Board authorized the issuance of Revocable Permit No. S-7255 to George Santos for pasture purposes.

Mr. Santos passed away in May 2006. His widow, Gwendolyn Naomi Santos has continued managing the cattle operation she ran with her husband and wishes to maintain the utilization of the subject area for pasture purposes. This is merely a continuation of the family owned cattle operation.


The Applicant has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions. There have been no other applicants requesting use of these parcels. As this is a continuation of an existing use of the property, no agency or community comments were solicited. However, staff did consult with the Division of Forestry and Wildlife (DOFAW) regarding the proximity of the subject parcel to the forest reserve. DOFAW is requesting the Permittee to maintain a stock proof fence to keep cattle from encroaching into the adjoining forest reserve. Should the cattle enter into the forest reserve, the Permittee is to notify DOFAW immediately as to when the cattle entered, how many head are involved and when the cattle will be removed.

Staff is recommending the Board cancel Revocable Permit No. S-7255 to George Santos and issue a new permit to Gwendolyn Naomi Santos.

RECOMMENDATION: That the Board:

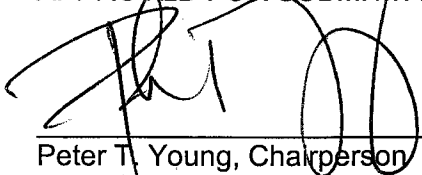
1. Declare that, after considering the potential effects of the proposed disposition as provided by Chapter 343, HRS, and Chapter 11-200, HAR, this project will probably have minimal or no significant effect on the environment and is therefore exempt from the preparation of an environmental assessment.
2. Authorize the cancellation of Revocable Permit No. S-7255 to George Santos and issue a new permit to Gwendolyn Naomi Santos, covering the subject area for pasture purposes under the terms and conditions cited above, which are by this reference incorporated herein and further subject to the following:
 - a. The standard terms and conditions of the most current revocable permit form, as may be amended from time to time;
 - b. Applicant shall apply as a cooperator with the Hamakua Soil and Water Conservation District within thirty (30) days from the effective date of this permit;
 - c. Applicant shall maintain stock proof fence around the entire property and shall notify the Division of Forestry and Wildlife of any cattle encroaching onto the forest reserve.
 - d. Review and approval by the Department of the Attorney General; and
 - e. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,



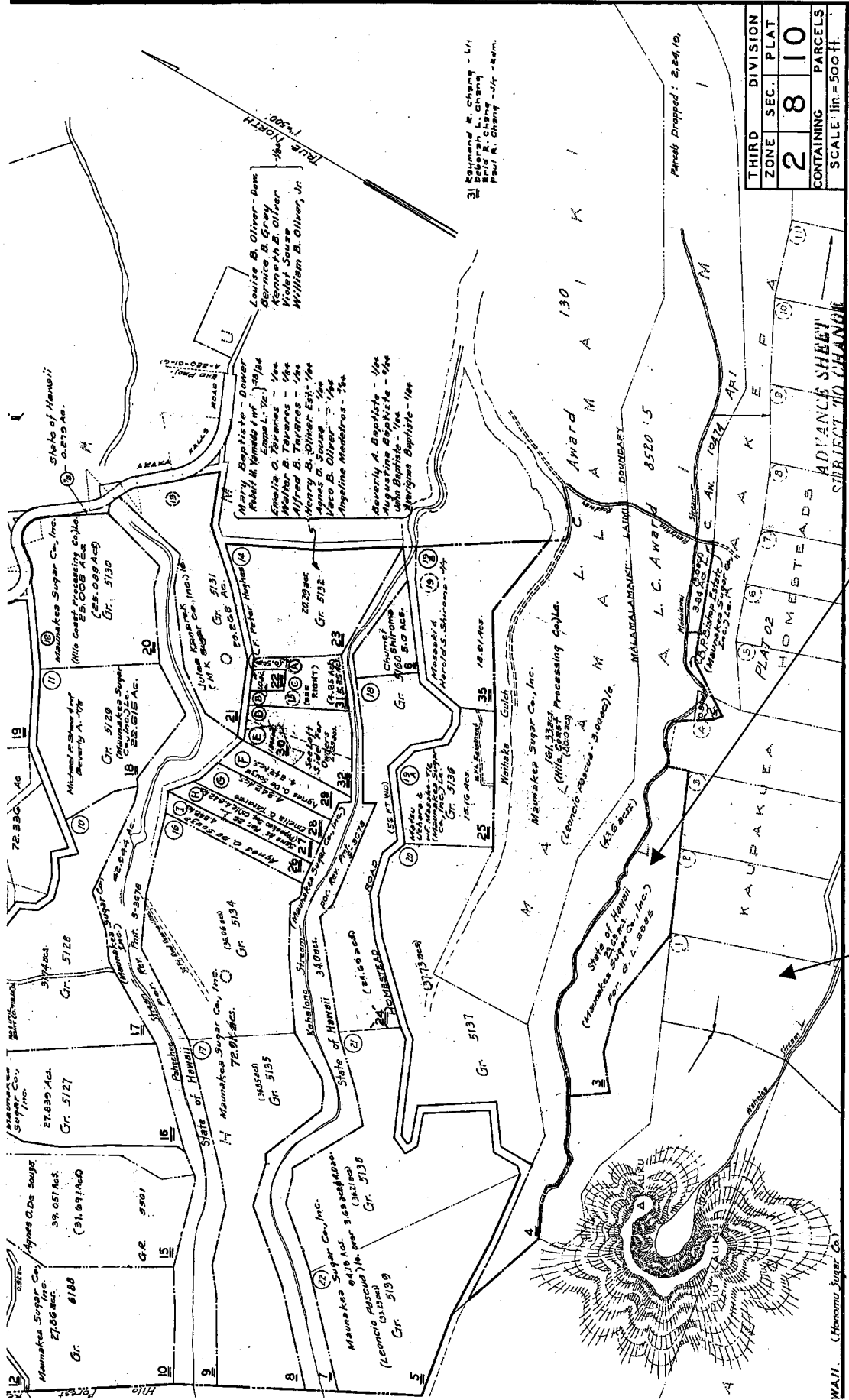
Gordon C. Heit
Land Agent

APPROVED FOR SUBMITTAL:



Peter T. Young, Chairperson

EXHIBIT A



REDUCED/NOT TO
SCALE

APPLICANTS PROPERTY

DESIGNATED STATE PARCEL

LINDA LINGLE
GOVERNOR OF HAWAII



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
LAND DIVISION

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

PETER T. YOUNG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ROBERT K. MASUDA
DEPUTY DIRECTOR

DEAN NAKANO
ACTING DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

October 9, 2006

MEMORANDUM

TO: Peter T. Young, Chairperson

THROUGH: Russell Y. Tsuji, Land Division Administrator

FROM: Cyrus C. Chen, Real Estate Appraisal Manager *Cyrus Chen*

SUBJECT: In-House Valuation Recommendation – Revocable Permit for Pasture Purposes

PSF No.: 06HD-187
Applicant: Gwendolyn Naomi Santos
Location: Honomu Homesteads, South Hilo, Hawaii
Land Area: 23.69 acres
Tax Map Key: (3) 2-8-10: 03
Char. of Use: Pasture

We have been requested to provide a monthly rent amount for the issuance of a revocable permit for pasture purposes on the above-referenced property. This rent amount will be included in Staff's submittal to the Board for approval of this permit and will not be effective unless such approval is received.

The subject property, under RP No. 7255, is currently issued to George Santos. Mr. Santos passed away in May 2006 and his widow, Gwendolyn Naomi Santos has continued managing the cattle operation she ran with her husband and wishes to maintain the utilization of the subject property for pasture purposes. Therefore, Staff wishes to cancel the existing permit and issue a new permit to the Applicant.

The subject consists of approximately 23.69 acres in South Hilo. A previous analysis on the carrying capacity was performed by Staff in 2000. Staff confirms the carrying capacity has not changed since then. Based on an analysis by an agricultural specialist at Land Division, the subject is rated Class "d" for pasture purposes. Based on the productivity rating, the subject carrying capacity would be 2 animal units.

Based on an animal production formula for the subject acreage, we calculate the monthly rent as follows:

EXHIBIT "B"

	<u>Usable Acreage</u>		<u>Capacity¹</u>		<u>AUY</u>
Pasture Details	23.69	x	10	=	2.00
Average weight gain per animal per year				x	300
Annual weight gain					600
Average live weight price (3-yr. average) ²				x	\$0.60
Gross value of beef					\$360.00
Portion of gross profit to Lessor				x	25%
Gross annual rent					<u>\$90.00</u>
Monthly rent					\$7.50
Rounded (to minimum monthly rent)					\$40.00

¹ Carrying capacity derived from the *Land Study Bureau, Detailed Land Classifications*; based on 10 acres required to support one animal per year.

² Average live weight price (cents per pound) for Island of Hawaii derived from the *Statistics of Hawaiian Agriculture* by average between 2002 and 2004.

<u>Year</u>	<u>Statewide</u>	<u>Big Is.</u>
2002	53.90	54.00
2003	58.10	59.60
2004	<u>63.70</u>	<u>65.90</u>
Average (rounded)	58.57	59.83

Therefore, as of October 9, 2006, the monthly market rent for the revocable permit to Gwendolyn Naomi Santos is recommended to be \$40 per month.

Special Assumptions and Limiting Conditions

1) This rental valuation estimate is for internal purposes only. This document does not take the place of an appraisal and does not constitute an appraisal, that adheres to the Uniform Standards of Professional Appraisal Practice.

2) The subject property was not inspected by the staff appraiser.

Approved/Disapproved:

OCT 11 2006

Peter T. Young, Chairperson

Date

cc: District Branch Files
Central Files

EXHIBIT "B"